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LAW OF PARTY-WALLS OUTSIDE LONDON.

The following written reply has been received from Mr. W. T. CRESWELL, K.C. (Associate):—

I desire to reiterate my gratitude to all those who combined to make such an interesting discussion following my paper.

If I were to attempt to reply in sequence to all the questions put to me at the meeting and since the meeting, both orally and in writing, it would require quite as lengthy a paper as the one I read at the meeting. I am aware these replies may be thought inadequate. There does not appear to be much case law since the Law of Property Act, 1925, was put in force. I had thought that the paper included all there was to say on the subject. I shall therefore try to condense as much material as I can into a reasonable space, merely remarking that many of the points raised were obviously raised because the speakers are more familiar with the statute law in London than the common law which in general obtains outside London—the subject matter of the paper.

I would refer to some of the points which I think should be dealt with individually.

Mr. GEORGE A. LANSDOWN.

As to the construction to be put upon Section 38 of the Law of Property Act, 1925, I cannot usefully add anything further to what I stated in the second paragraph of the paper on page 96 of the *Journal*.

I appreciate to the full the practical difficulties in pulling down half a wall less than 18 inches thick, or in increasing the

height of a wall less than 18 inches thick; but I might mention that in a recent case the Court was asked to make an order for the cutting away of a length of a wall because of trespass on the adjoining owner's property, the trespass varying in its length from 1 inch to 7 inches. I attempted to deal with the law only, not the practical possibilities or impossibilities which arise in carrying it out.

I am sorry that the case of *Stedman* v. *Smith*, on page 103 of the *Journal*, is not clear to Mr. Lansdown. I have looked up the report of the case and the extract given is correct. The point, however, raised by Mr. Lansdown would appear to be immaterial, having regard to the reason for the case being introduced into the paper at all.

The West Ham case referred to on page 112 exphasises the point I desired to make on pages 101 and 102 of the *Journal*, viz., that in the circumstances one can only attack this question under the law as it stands, that is, on the breach of the rights to support when that support has been removed.

Mr. Bernard Briant.

Mr. Briant puts forward a very hard case of the surveyor and the difficulty the adjoining owner has in recovering his fees from the building owner. I wonder if it would be well in such cases to anticipate the action of such building owners as are described, and put into use at the outset Section 121 of the London Building Act, 1930, which requires security for expenses, costs, &c.

I can well understand Mr. Briant raising the points which appear on page 114 of the *Journal*. He quite naturally finds difficulties in reconciling that which can be done in London under statute with that which can be done outside London where no such statute is applicable.

The age of a building must be taken into account in measuring damages. In general the measure of damages is as given for trespass on page 104 of the *Journal*.

On the pulling down of premises by a local authority, the rights of support to the adjoining owner's premises are to be respected by the owner of the property pulled down. The local authority is under no obligation to repair. This applies also in London.

Mr. Briant raises an interesting question as to whether a local authority might be said to become a building owner within the meaning of the London Building Act. I know of no ruling as to this, and personally I think not.

Mr. Kenneth M. Macmorran, K.C.

I am obliged to Mr. Macmorran for his valuable contribution and for his amplification of my paper.

Mr. HERBERT G. POTTER.

There are no other places where the law in respect to party-walls is as in London. London is peculiar in this respect, but I know and have ascertained that whilst places such as Liverpool and Bristol have striven to obtain like powers they have not been entirely successful. They have, however, succeeded in obtaining certain powers in respect to party-walls either in their by-laws or in local Acts. Mr. John F. Bowden names the Exeter Corporation Act on page 119 of the *Journal*, and Mr. Christopher Chart, on page 125, recalls the Bristol Improvement Acts in respect to the case of *Weston* v. *Arnold*. I agree with Mr. Potter as to the word "vertically" in Section 38 (1) of the Act of 1925. The reasonable interpretation of the law is that a party-wall may be severed both vertically and horizontally. No doubt the "ray "of hope" given by Section 38 (2) of the Act would overcome the difficulty Mr. Potter so aptly describes, but I do not know whether the Court would go the length of determining the liability as to costs of underpinning or the rebuilding of a party-wall. Having in mind the common law I think not.

I do not think the Court would make an order such as suggested on page 119 of the *Journal* in respect to the easement in a drain even if the several owners of the drain agreed to its size being increased at the dominant owner's expense. Moreover, I do not think a local authority outside London (where in general combined drainage is not permissible) would allow what is suggested to be carried out.

Mr. JOHN F. BOWDEN.

The extract from the Exeter Corporation Act, 1928, shows that there are some statutes containing provisions in respect to party-walls or the like elsewhere than in London.

The decision in the case of *Strang* v. *Simpson* seems to me to bear out what I stated, that there is no liability placed upon an adjoining owner to repair or protect the party-wall on his premises demolished, or, as I put it, even to fill up a gap which may be left in the party-wall. There is, however, the express or implied right of support always there, including the necessity it may be to shore up the party-wall.

Mr. ARTHUR H. DAVIS.

Mr. Davis always gives a most useful contribution to any paper I may read, and I thank him for it.

As to the question of thickening a party-wall described by him, the ruling given in *Reading* v. *Barnard*, referred to on page 97 of the *Journal*, might be noted.

The general procedure outlined by Mr. Davis on page 112 might well be followed in practice.

Mr. C. Herbert Bedells.

The reason for quoting the cases I did, and which are so well known to Mr. Bedells, is that there is little if any new case law on the subject.

The common law prevails when there is no statute law. Hence it revives " when the Act which would have ousted its "application is excluded."

There was no intention to mislead in respect to the observation quoted from my paper on page 123 of the *Journal*. It is surely applicable when the ownership of the land on which the wall stands is not known. In the case given by Mr. Bedells it was known that the wall was entirely built as an external wall on the one owner's land.

The schedule referred to refers only to a vertical severance. The very wide discretion to deal with the " rights and interests " of the parties does not, I think, enable the Court to go so far as to deal in its order with such questions as upkeep, additional user and payment therefor.

It is difficult to say what can be included in a demolition order. No ruling, I think, has been given, but I hold the view that it could include the demolition of the parts of the party-wall on either side appertaining to the house to be demolished where necessary and to comply with the Act under which the demolition is ordered.

I know of no other case on salvage. The American case is an old one, but often quoted. It is the case of *Campbell* v. *Mesier* (1820), 4 John Ch. Rep. 334.

I have already said that in respect to the gap in the party-wall no liability does attach to the owner of the cleared site, except that included in the right of support to the building left standing.

Mr. Christopher Chart.

On page 95 I stated that the term "party-wall" is now restricted to a wall falling within one of the three other senses " given " above." When stating the third sense I gave the cases referred to as being both applicable in London and outside London. The mode of user might apply when the ownership of the land is not known.

I am sorry I omitted to give the result of the appeal in the *St. Anne's Hill Brewery Co.* v. *Roberts* case. I give a gist of it now. It will be seen that the principles which were applied in

the court of first instance (and because of which I quoted the case) still holds, viz., that it is an occupier's duty to take care that everything must be done to avoid mischief arising. On appeal it was held in the case that inasmuch as the damage caused to the plaintiff's premises did not arise from an abnormal or unnatural user of the defendant's property, *and the defendants were not occupiers of the wall at the time the damage took place,* the doctrine of *Ryland* v. *Fletcher* (19 L. T. R., 220; L. R., 3 H.L., 330) did not apply, and also that it *had not been proved* that the defendants *had knowledge of the defects* which ultimately resulted in the fall of the wall or that there had been a failure on their part by due diligence to ascertain that knowledge.

AT THE ORDINARY GENERAL MEETING

Held at the Chartered Surveyors' Institution on Monday, 2nd March, 1936.

Mr. HARRY M. STANLEY (President) in the Chair.

NEW MEMBERS.

The following new members were presented by the PRESIDENT for formal admission to membership under By-law 32, and signed the Register:—

Professional Associates :

GINGELL, JOHN HENRY
MILL, STUART FENTON
NICHOLLS, ROBERT JOSEPH
PRESSEY, ERNEST FRANK
SIDEBOTTOM, DEREK CHAPPÉ
VANE, WILLIAM MORGAN FLETCHER

A DISCUSSION took place on Mr. E. P. WELLER'S Paper entitled

INVESTMENT COMPANIES AND RURAL LAND.

Mr. ALAN ARNOLD (Past-President) said that it give him great pleasure to propose a vote of thanks to Mr. Weller for his excellent paper.

The object of the paper was presumably to ascertain by discussion whether the land would be more profitably farmed if it were owned by an investment company or whether it should be allowed to go on under the present system of landlord and tenant. Throughout his paper Mr. Weller seemed to be very much inclined towards the change. It had been suggested that the landlord and tenant system had broken down, and Mr. Weller cited Mr. Orwin and Colonel Peel as advocating State ownership. Personally he was not surprised that Sir William Dampier saw danger in such a scheme and advocated something else; it was difficult to see how State ownership could improve the position. Nor could he entirely agree with Sir William's idea of founding companies on a profit-sharing basis.

State ownership would, he thought, deprive the agriculturist of the little freedom that still remained to him, and the overhead charges which it would entail would eat up any profits which might be derived ; as a consequence the prices of agricultural produce would probably rise, and therefore the consumer would have to pay more. The profit-sharing basis has been tried in various parts of the country, but had, he thought, always failed, simply because there were years in agriculture when there were no profits at all and therefore nothing to share. Personally, therefore, he was not in favour of anything in the nature of a profit-sharing basis.

Mr. Weller quoted Dr. Martin Leake, who suggested that land should be owned by business companies exercising strict control over cultivation and marketing. He did not think that any self-respecting tenant would stand too much control, and again the overhead charges would eat deeply into any profits that were made. Professor Stapledon, on the other hand, suggested that occupying ownership should be increased under regional control and with the provision of credit facilities. It would, in fact, seem desirable that every inducement should be given for an extension of occupying ownership, without too much control of the methods

of farming adopted. The Agricultural Holdings Act of 1923 gave the tenant farmer freedom of cropping except in the last year of his tenancy, but controlled him in the direction of preventing deterioration of the holding. If it was thought necessary to control an occupying owner, he thought it had better be done by an Act of Parliament rather than by regional organisation.

He would like to test the merits of a land investment company. It was suggested that if such companies could be formed, individual owners of adjoining estates might transfer their land to a company to be financed by public subscription, and it was thought that such companies would bring general investment capital into land, and that the legislature might provide for trustees investing trust funds in such companies. It was true that capital might be preserved in the security of the land, but he could not see from what source the interest was to come in bad seasons, when there were no profits. As to spreading the investor's risk in the way that was done by the various fixed trust companies formed for that purpose, he saw no parallel between a fixed trust company and an investment company confining itself to land, because the latter would be confined to the security of the land and the produce of the land.

Mr. Weller asked five questions. The first was " Is it desirable, " in the interests of the nation and of the countryside, that large " areas of rural land should be owned and managed by joint- " stock investment companies?" Personally his answer to that would be that he did not think so. The second question, " What " would be the best form of management?" was the most difficult to answer, and he could only reply that if such a company were formed it should be managed by a very able Chartered Surveyor with unlimited gifts of organisation. The third question, " What " would be the optimum size of an estate?" was also difficult to answer, but he would suggest 50,000 acres. To the fourth question, " Could such areas of land be acquired, and, if so, " how?" he could only reply that at the present time he did not think it would be possible to acquire 50,000 acres in any part of England. The answer to the fifth question, " Would the price " admit of a reasonable rate of return having regard to the " possibilities of large-scale organisation and management?" was in the negative.

In proposing, on behalf of the Institution, a hearty vote of thanks to Mr. Weller, he would like to congratulate him on the very many points of interest which he had raised.

Mr. Frank J. Trumper (Professional Associate Member of Council), who seconded the vote of thanks, said it seemed to him that the problem to which an answer should be attempted was

that of practical application ; to do this it was necessary to examine Mr. Weller's appreciation of the present situation. That appreciation was pessimistic. Mr. Weller said that the majority of farm buildings and equipment were in bad condition. Personally he thought that anyone who went about the countryside would realise that landowners were too short of money to be able to put the buildings and equipment into good condition, and that Mr. Weller's appreciation, though pessimistic, was in the main correct. The causes need not be gone into at length, but undoubtedly they were death duties and high taxation. Taxation was not so important, because rebates could be obtained by maintenance claims ; but death duties were all-important, because they impoverished one of the capitals in land.

Mr. Weller was seeking a remedy whereby that capital could be restored while at the same time maintaining the best features of the landlord and tenant system, a system which it would be generally agreed was the finest that could possibly exist and under proper management the ideal, as preserving the two capitals. It was therefore necessary to ascertain whether finance could profitably be employed for this purpose and whether the best features of the present system could still be preserved.

It seemed to him that it would be possible to attract finance to such a scheme if a mortgage or mortgage debenture stock could be obtained at a sufficiently low rate to interest to show a fair yield on the equity. Such a course would involve government assistance in the form of a guarantee for the interest ; the means to float such a loan was already to hand. The assistance of the Agricultural Mortgage Corporation or the Lands Improvement Company could be sought.

For example, the Agricultural Mortgage Corporation was a public investment company, the interest on the capital being guaranteed by the Government, and at its present price on the Stock Exchange it yielded about £3 5*s.* per cent. to redemption. Ordinary corporation loans yielded about £3 per cent. In view of the benefits which the Government had derived from death duties on agricultural land, and in view of the impoverishment which had resulted, it seemed practical to ask the Government to help the agricultural industry by guaranteeing the interest on a 3 per cent. agricultural mortgage debenture loan, utilising the existing framework of the Agricultural Mortgage Corporation for issuing and managing the stock.

The results of such a policy would be worth exploring. Mr. Weller gave some interesting figures of the estates which had been offered to him and the prices ; he mentioned that he had (in all) been offered 45,000 acres for £860,000. That £860,000 was undoubtedly an asking price, and less might have been accepted ;

on the other hand, one's experience led one to believe that there were usually certain undisclosed allowances of rent to make up for this. He would assume that two-thirds of this £860,000 was raised in the form of a 3 per cent. mortgage debenture stock financed by the Agricultural Mortgage Corporation. On that basis, allowing for tithe and 25 per cent. instead of the usual 20 per cent. for repairs, there would be a return of 5·5 per cent. on the equity after deducting mortgage interest.

That might be taken a stage further: an essential of Mr. Weller's scheme was the reconditioning and improvement of holdings, and for that purpose one might add to the figure of £860,000 a sum of, say, £140,000, which would make the capital of the company £1,000,000. Of that £140,000 he would assume that £40,000 was spent on reconditioning, which was roughly £1 an acre, and £100,000 on improvements. That represented an expenditure of, say, £3 10*s.* an acre. As a result of those improvements and that expenditure of £100,000 it should be possible to secure an additional rent. Working out the figures on those lines, and assuming £650,000 of the £1,000,000 was in mortgage debenture stock at 3 per cent., one arrived at a yield of 5·75 per cent. on the equity: that, again, was a little more attractive to financiers.

How would that principle be applied to Mr. Weller's theory? One would probably, he presumed, endeavour to acquire an estate and persuade the landowner to take payment in the form of stock and shares in the local unit, in the proportion of two-thirds Government-guaranteed 3 per cent. stock and one-third in ordinary shares of that particular unit in that countryside. The landowner would receive the same purchase price and no less income than at present. Use would be made of the present and very prevalent practice of forming estate companies, and also of those estate companies which had been already formed. He thought that any estate company in existence or in contemplation would be very pleased to take advantage of a mortgage debenture stock at 3 per cent. The amenities—the mansion-house, the shooting, &c.—would be rented back, if the seller so desired.

The scheme would involve perils and difficulties, but, being a young man, he regarded perils as things to be avoided or overcome and difficulties as things to be faced and surmounted.

Taking the perils first, to be avoided if possible, nationalisation would have to be guarded against. The second peril was bureaucracy, and it would be necessary to have the management human in the highest degree. One did not want black-coated impersonal management; that would be the ruin of any scheme. Commercialism must also be avoided.

Turning to the difficulties, there would be the primary diffi-

culty of getting the land. Probably most surveyors had had experience of trying to persuade two tenants to exchange one field for another. He had once succeeded in doing it after two years of extremely hard work, and the tenants had hardly spoken to him since! It was equally difficult to get one owner to "swap" with another owner or to persuade an unwilling owner to sell. That was a difficulty which could be overcome only by tact. The debenture stock arrangement should, however, be an attraction. If an owner faced with death duties and the possible break-up of his estate could be sure of being able to turn his estate into a company, with the benefit of a 3 per cent. debenture and the subsequent equity, the whole being in negotiable stock, there would probably be less difficulty in getting him to agree.

It would be necessary to get a return on the improvements. That was not so difficult nowadays in the case of minor improvements such as work to cowhouses to enable a tenant to obtain the extra penny per gallon for certified milk. The improvement cost sometimes £100 to £150, and a tenant was usually willing to pay 5 per cent. on that outlay, which enabled him to get sometimes £40 to £50 a year more for his milk. A more difficult point was to provide for the continuance of those improvements. It would be necessary to provide, out of the 5¾ per cent. return, a fund to continue the improvements. It was not possible to let a farm at a high rent on the ground that it was modern, up to date and in every way well-equipped unless it were continually kept so.

Then came the question of services, and there he thought the Government would have to help a little. The water and electricity services provided in many country districts would be a scandal to any nation. Water companies were not at the present time forced to supply local villages unless they received a high rate of interest by way of annual payments, and that was the reason why rural communities were so badly supplied. The position was the same in regard to electricity. That was a matter which everyone would, he thought, wish to see set right, and it was in the Government's hands.

Another thing the financier would want to know was whether there was any chance of increase of income. Then there was the difficulty of the Agricultural Holdings Act, but one had seen instances where rent had been increased for improvements, and he did not see why it should not be done to a greater extent as it became more common. Mr. Arnold had referred to the possibility of bad times as a deterrent to investors, but there were bad times in every industry, and it was not possible to single out the agricultural industry as being worse than any other in that respect.

He would now, in the light of those considerations, endeavour to answer Mr. Weller's questions.

" (1) Is it desirable, in the interests of the nation and of the countryside, that large areas of rural land should be owned and managed by joint-stock investment companies ? "

He thought the answer to that was in the affirmative, provided that Government help could be obtained in the manner he suggested.

" (2) What would be the best form of management ? "

Not a bureaucracy; it must be human, and of course the services of the Chartered Surveyor or Chartered Land Agent were essential.

" (3) What would be the optimum size of an estate ? "

20,000 to 60,000 acres.

" (4) Could such areas of land be acquired, and, if so, how ? "

He thought the answer was probably yes, on the conditions he had mentioned, but slowly, and mostly by the indirect attraction of the low rate of interest for mortgage debenture stock.

" (5) Would the price admit of a reasonable rate of return having regard to the possibilities of large-scale organisation and management ? "

Under the conditions to which he had referred, and under those conditions only, it might be possible.

He had been " provoked " by Mr. Weller into the expression of what were probably not altogether approved opinions, but he had very great pleasure in seconding the vote of thanks for a most able paper.

Sir William Dampier, f.r.s. (Visitor), said that in the early part of the paper a long list of things were given in which he was said to have believed ten years ago, but he would be very sorry if one could not change one's mind in ten years ; it would argue a terrible want of power of adjustment to an ever-changing world. He did not, however, desire to enter into those details now ; it would be better to go straight to the important point of the possibility of some alternative—because he thought Mr. Weller's suggestion was meant only as an alternative—to the present system of holding land. His friend Mr. Arnold seemed to assume that the scheme which Mr. Weller put forward was intended to replace all other systems. Personally he did not understand Mr. Weller to advocate that at all ; he understood the

paper to be designed to test the possibilities of land investment companies as an alternative to other methods of holding land.

Like Mr. Weller, he was concerned with college property, which was very much like the system put forward in the paper. A college owned a large area of land which it managed more or less in the way suggested in the paper, and in that connection he could not refrain from poking a little fun at Mr. Arnold, because he happened to know that Mr. Arnold managed some college land and had sometimes advised that college to buy more.

There were, of course, two possibilities. There was the scheme by which a number of landowners combined of their own free will and ran their several estates as one combined unit. He thought that the difficulties there were very great, especially in the initial stages. The greatest difficulty of all would be the valuation of those estates, the question of the value at which they would be put into the pool. He could foresee a good deal of argument on that point.

Then there was the other scheme, that of the land company. He had worked out some figures in that connection, but the wind had been entirely taken out of his sails by the very able analysis of the possibilities of land company finance which Mr. Trumper had put forward. He himself had also come to the conclusion that a mortgage of some sort would be a readily negotiable security, and that the equity which remained might earn somewhere in the neighbourhood of 5 per cent., but he had no such accurate or carefully prepared figures as those which had already been put forward, and therefore he would say no more on the subject.

There was the question of whether such a company would be possible. In that connection there were two problems. The first was finding the land, and the surveyor was in a better position than anyone else to do so. The second was whether the public would put up the money, or whether it could be raised by insurance companies or other investment companies. There, again, it was a question of finance, and he thought the figures which had been given suggested that there was a fairly attractive investment waiting to be taken up.

He was not in the least arguing, of course, that all the land of the country ought to be owned in that new way, but he thought that as an alternative to other methods of land-holding it was well worth consideration.

Professor Henry Clay, m.a. (Economic Adviser to the Bank of England) (Visitor) remarked that he responded to the invitation to speak with some diffidence, because he knew nothing of agriculture and had no experience of dealing in land ; he had not

even the experience of actual investment which Mr. Coutts, for example, possessed in such large measure.

The point to which he particularly wished to address himself was the possibility of the type of investment company envisaged coming into being. It seemed to him that such a development was not improbable ; it would be on the lines on which industry was moving, and would come about for the same reasons which were driving industry along those lines.

The forces which were impelling industry along those lines were, he thought, two. There was first the level of direct taxation, which made it difficult to finance industry or commerce, just as much as land, out of profits, in the way that expansion was financed before the War. Secondly, there was the preference which investors showed for negotiable securities over direct investments of the type which used to be common in all industrial districts, where rich men would back younger men, taking a share in the business. More and more people tended to pool their savings and leave the investment of them to corporate investors of the type of insurance companies and investment trusts. Those almost necessarily required a security which was realisable through the Stock Exchange ; so that if land-holding required capital, as it obviously did require capital, it would be forced to seek it in the same way as industry and commerce were more and more seeking it, in the London capital market.

It would not be easy to get capital there, because he could not agree with Mr. Weller that there were large quantities of capital lying idle which could not be absorbed by industry and commerce. He thought that Mr. Weller drew much too sharp a contrast between land-holding and agriculture on the one hand and industry and commerce on the other. It was only a small proportion of the concerns in industry and commerce which had access to the London capital market. Of the factories under the regulation of the Factory Code, only 1 per cent. employed more than 500 hands, and 92 per cent. employed fewer than 100 hands. In distribution the number of concerns was overwhelmingly dominated by the small retail shop ; the average number of shop assistants to managers and proprietors was 1·3. The shop of average size had one proprietor and between one and two assistants. Small scale, therefore, still predominated in industry and commerce, and the London capital market could not conveniently deal with issues of less than about £200,000 to £250,000. Industry, therefore, was also pressing on London for capital which it could no longer find out of its own profits owing to the pressure of taxation, and the land-holding companies which Mr. Weller contemplated would have to compete, and compete fiercely, with industry and commerce for such capital as there was.

In the momentary position of the capital market, in which there were large funds in the banks awaiting investment and a great demand due to a dearth of securities which would yield more than the 3 per cent. of municipal borrowing and the rather lower rate at which the Government borrowed, it might be possible to float companies; but Mr. Weller had quite rightly taken a long view of his problem and would not wish to take advantage of conditions which were probably transient in order to launch a company which would not fulfil expectations ; nor would he get much encouragement if he brought such a proposition to the City.

On the other hand the difficulties which the proposition would face at any time were considerable. In the first place, what was being sought would not be capital for agriculture. It might prevent capital going out of agriculture, but actually what would be sought would be capital for people who were trying to get out of the business of land-holding, which was not an encouraging proposition to offer to the investor. In the second place, in order to secure any subscriptions to the issue, it would be necessary to show a record of a good many years, to enable the investor to judge the prospects and to judge the management. He did not know whether many such records could be provided, but they were essential. Mr. Weller had not, doubtless on grounds of space, devoted much of his paper to illustrating that, and the records which were given were not too good. Unfortunately, as Mr. Trumper had pointed out, agriculture was not unique in that respect. Personally, when he saw the return which Mr. Weller gave, on the basis of the offers made to his own college, showing a net return of over 4 per cent., he could not help recalling that in the cotton-spinning industry last year the average return on the capital invested was only 1·7 per cent., and that the shareholders in those unfortunate companies had had to meet calls on unpaid shares amounting to £29,000,000 since 1920. Finally, there were certain risks, because although Mr. Weller did not propose that those companies should engage in farming, except incidentally, their prosperity would depend on the prosperity of farming.

If, therefore, the experiment was worth making—and it seemed to him to be on lines which made it worth making—it was unlikely that it could be made by the flotation of a company which would undertake that task. It was in any case exceptional for the London capital market to put up capital for an entirely new proposition ; in the main, it was engaged in finding capital for people who, for one reason or another, wished to sell established concerns to the public and in finding capital for extensions to already-established concerns. An essential thing, if an issue was to be made, was a record of profits and losses in the light of which management and prospects could be judged. The majority of new

issues, therefore, were not really issues for new projects ; they were simply issues to buy out the proprietors of industrial and commercial concerns who in the past had provided the capital needed to build up the concerns, and who, having established a concern on a firm basis, were prepared to admit the public to a share in it. The basis was essentially an accounting basis, so that it was only—and on this he was completely in the dark—if large estates could produce accurate accounts over a period of years that there was much chance of getting their properties considered by the new investment market.

Those seemed to be difficulties, and therefore, if the experiment was to be made, it seemed to him that it must be made by existing landowners coming together, or individual landowners who operated on a larger scale, forming a private company first and then converting it into a public company when they had a sufficient record to show what were the prospects of permanent success. When they had demonstrated the advantages of the new method, it might then be possible to appeal to the public on the basis of that experience ; until then, he thought that an appeal would not be successful.

The advantages which Mr. Weller saw in such a system of land-holding companies were not unlike those commonly claimed for what was called " rationalisation in industry," a process of amalgamation of competing concerns allowing for concentration and specialisation of production on different plants, and the provision by the headquarters organisation of specialist services. That process of rationalisation had achieved remarkable results in many cases, but equally it had failed completely in many cases, and he thought the chief conclusion to be drawn from the survey of experiments in rationalisation was that it enormously increased the weight of the management factor.

He had in mind a case in the textile industry where an apparently adequately equipped manager involved the rationalised concern in enormous losses, and was replaced by a superficially less attractive but more effective manager who gradually reduced the losses and turned them into a profit. Yet the principles on which the two managers worked were identical, though the man who made the bigger losses was more capable of explaining the advantages of those principles to an audience. He thought, therefore, that a warning was called for before one accepted as axiomatic the gains which were to be obtained from large-scale specialised management, and so on. Those gains had to be won, and the victory was by no means in all cases an easy one.

The other warning which seemed to him to be called for was that the underlying security, if he might so describe it, of the proposed land-holding companies was a little uncertain, the under-

lying security being the future of agriculture. In the December issue of the *Economic Journal* there was reprinted the presidental address of Dr. Venn to the Agricultural Section of the British Association. In that address an attempt was made to sum up the total of Government subsidies to agriculture, and the total arrived at was over £33,000,000 a year. On the top of that, there was the increase in producers' prices which had been brought about in the last three or four years by the new marketing organisations. He did not know whether the figures that Mr. Weller quoted referred to the last year or two, or whether they went further back; but if an industry, for the time being at any rate, was based on subsidies on that scale and an organisation of producers of that type, and at the same time was paying wages about one-third less than those which were general in industry, he thought there was a political risk attached to agriculture. That political risk would be extremely difficult to assess, but he thought it might quite well deter many who might otherwise be attracted by that new investment from putting their money into it.

In conclusion he would like to associate himself with the thanks expressed by previous speakers to Mr. Weller.

Mr. H. J. VAUGHAN (Professional Associate) said that, although a member of the younger generation, he would like to say a word in favour of the old system. Mr. Weller seemed to assume that the old-fashioned landlord was now extinct, or about to become so, and suggested some very good and improving principles to apply to the management of land if it were held by investment companies. Personally he thought that a very good alternative, as it would tend to improve and vitalise the existing system;

Within his experience even in the matter of the re-letting of small farms he thought that unless the landlord was down to bedrock and had no money to spare at all it was worth while spending something on improving the farms and reconditioning them, and it was possible to get a return on the money so expended; or, if an actual cash return was not obtained, at any rate a loss was avoided, and if rents were falling, then by improving the buildings and equipment it was possible to avoid lowering the rent.

If the outlook of many of the existing landlords could be reformed a little it might be helpful. Many of them regarded their estates too much from the amenity point of view, and mixed up sentiment with business. It was very valuable to have a feeling of trust and good will between landlord and tenant, but tenants who proved incompetent should be given notice. If landlords could be persuaded to regard the business of owning land as a financial undertaking and would not be too shy of spending a

little money, something could be done. Many landlords, he was afraid, had lost heart; they said " It is not worth while spending " anything; all we can do is to avoid losing any more if we can " help it." They were therefore reluctant to embark on improvements. He still thought, however, that if they could be persuaded by members of the Institution who were managing their affairs to show a little more pluck it would reward them. He was not thinking of wild, extravagant schemes, but even in such a case as where farms had got into bad repair and the tenants would not clean out the ditches, seeing no immediate return for it, and the land was waterlogged, if the landlord would spend money on things like that, which the tenant would not undertake, it would improve the condition of agriculture. He thought the most hopeful course to pursue was to encourage the present landowners, who might then even be persuaded to add to their estates.

On the question of the value of the land, if it were known that there were such things as flourishing investment companies trying to buy land, the value of the land would rapidly go up.

Mr. C. R. V. Coutts (President, Institute of Actuaries) (Visitor) remarked that there could hardly be anyone else present who knew less about agricultural land than he did ; he would therefore approach the proposition from the opposite angle from that of the landowner, adopting the point of view of the corporate investor such as an insurance company, which had large sums to invest year by year. He thought that the corporate investor in the City had in recent years been cautiously considering the question of investment in land, for three main reasons.

In the first place, since the successful conversion of the 5 per cent. War Loan the rate of interest that could be obtained on ordinary fixed-term investments of anything like a good character had fallen so rapidly that the investor had been forced to look round for further outlets for his capital.

The second reason was the change in the fiscal system of this country during the last few years. Eighty years ago the manufacturing interests managed, by their political power, to " do in " the landed interests. They called it Free Trade and the abolition of the Corn Laws, but it was simply a fight between two conflicting interests, and the manufacturers were the top dogs. That system had gone on until comparatively recently, but now they had reverted to the old fiscal system of protection. Protection had been established for the manufacturing interests, and it had therefore to be conceded to the landed interests. He thought that must, in the course of time, make a very considerable difference to the value of agricultural land. Its effect had been masked in the last year or two because of the world slump in agricultural

prices, but he would regard it as an important factor in the future of land in this country.

The third reason was that, taking a long view, land was a form of real investment, which throughout the ages had improved in terms of the then currency. A very good example of that was provided by Rugby School, which in the time of Queen Elizabeth was left a legacy of a few hundred pounds or, alternatively, land to that value to the north of Holborn. Very wisely, the school authorities acted on the principle that money in the long run tended to deteriorate, and they took the land; and he believed that the receipts from that land to-day constituted one of the most important items in their income.

He thought that in these days of inflation or devaluation it was not a bad "hedge" to have something which, after all, was a reality, and which in the long run had always risen in value in terms of the currency of the country.

He had been a little surprised to hear Professor Clay say that he did not think people would invest in land companies because they preferred to buy a going concern. Was a landed estate which had been a going concern for five hundred years not to be counted as such compared with some mushroom factory which had been built in the last five years?

He had given three reasons why he took a more rosy view than that of some speakers of the possibility of investment in land in some form or other. There was no reason why an insurance company should not buy land itself; he could mention one which had tentatively invested roughly £30,000 as a small experiment, in grass country in the Midlands. They hoped to get—or at least they were told by their surveyors that they could get—a clean 4 per cent. after allowing for all the necessary outgoings and repairs; but that remained to be seen, and they were watching it carefully.

He was rather attracted by Mr. Weller's suggestion at the end of the section of the paper headed "Land Investment Com-" panies." If individual owners of big estates could come together and join up with, say, an insurance company which had money to invest, and the two parties could thus be married together, the landowner would retain all his amenities—his house, if he wanted it, his shooting rights, and so on—and might take some of the payment for his land in stocks or debentures of the company, while the capital would largely come out of the City in some form or other. The attraction to some landowners with whom he had discussed it was that it would prevent their estates being broken up by death duties.

He thought that on those lines there was some chance of something being done, but, of course, people in the City approached

such matters very cautiously, and he did not think that it could be done in a few months.

In conclusion, he would like to thank the Institution and Mr. Weller for inviting him to be present; he had learned a great deal, more even than he had expected.

Mr. Leslie Pym (President, Land Agents' Society) (Visitor) expressed his thanks for the privilege of listening to such an extremely interesting and provocative paper.

He could not quite understand what was the basis of the joint stock principles to which Mr. Weller referred. Personally he did not see what difference there was (from the point of view of the land) between the ownership of a large block of land by a joint stock company or a land investment company, and the ownership of the same block of land by college authorities or any other corporate body, or even by an individual landowner, provided that that landowner made some provision for death duties apart from his land. He could not see that there was any difference in principle, or that there were any joint stock principles which would be of special assistance.

Mr. Weller suggested that at present, although there was money available, there was no channel for getting it to the land. Certain channels, however, had been referred to ; there were the Land Improvement Company, the Agricultural Mortgage Corporation, and so on. Of course the question which arose—and it affected the joint stock company more than any other—was whether the expenditure of such capital would be remunerative. That was really the whole point. Mr. Weller had referred to the ultimate object which any company would have in mind, as being "the improvement of the rental value by increasing the profit-"earning capacity of the farms." That was a very pregnant sentence, but if one looked back over the history of any estates for a few generations it would be seen that that was an extremely difficult thing to do. He did not propose to quote many figures, but he thought that it would be fair to say that on the average the whole capital value of the land was put back into it in something like three generations, and that the result of this was not to increase the profit-earning capacity of the farms but merely to maintain them. He thought that that was one of the great difficulties encountered with land as opposed to other forms of property.

He could give as an instance the case of a small estate which the owner, a rich man, inherited in a derelict condition, and which he determined to convert into a first-class property in every way. In twenty years he spent on that property, which was under 5,000 acres, about £120,000, rebuilding the whole place, doing nothing extravagantly but everything well, with water laid on everywhere,

baths h. and c., electric light, indoor sanitation, and so on. He then died, and the estate was valued for probate at the very fair figure of about £95,000. That was an extreme case, and he did not suggest that that was going on to a great extent, but all that expenditure did not result in increasing by a half-penny the profit-earning capacity of the land. It made it much more pleasant to live on in every way, but it did not increase the profit-earning capacity.

On the question of large-scale operations, he had had himself some years' experience on a very large private estate of almost 200,000 acres, in three or four large blocks throughout England, an estate which had been managed very well for 150 years. There the experience was that about half the income continually went back on to the land, as far as the agricultural part was concerned; the profit had come from the sale of building land for rapidly growing towns, from minerals and so on, but for the purely agricultural land the margin was very small during all those years.

With regard to large-scale land ownership, on the management side he agreed with everything that Mr. Weller said ; there could be no doubt that it would lead to efficient management and would lead to better jobs for members of the land agent's and surveyor's professions.

The pith of Mr. Weller's questions seemed to be contained in the fourth, " Could such areas of land be acquired, and, if so, how?" It reminded him of the famous maxim in Mrs. Beaton's cookery book about first catching one's hare. That appeared to him to be the difficulty. He thought Mr. Weller had indicated in his paper that he would answer that question by saying " Owing to the " curious fact that the capital value of land has very little rela- " tion to its income-producing capacity, it would be very difficult " for a land trust to buy land in the open market on such terms " as would be likely to make the venture a success." On the other hand, the investor in a land company must be satisfied either that there was a reasonable chance of a modest success or the off-chance of a very great profit. The latter was not suggested in connection with land, and he thought most of those who had been connected with the land for a long time would feel that there was some doubt over a long period of years as to even moderate success.

With regard to Mr. Trumper's very interesting figures, when the first prospectus of one of those land companies was produced, the promoters would certainly go to Mr. Trumper because he could make it look very attractive ; but personally he did not feel that anyone who had been connected with the management of land for even so long as he had—thirty-five years, and his family for a great deal longer—would believe that 5 per cent. could be ob-

tained on the equity of land over any period of time worth talking about. It could not be done, however attractive it might seem on paper.

He would like once again to express his gratitude to Mr. Weller for a most interesting paper. His suggestions could not really be dismissed in so cursory a way: they demanded a great deal of thought, and he was sure that they would get it after the meeting that evening.

Mr. L. K. Elmhirst, M.A., B.Sc. (Visitor), thought that a great deal of Mr. Weller's examination of the present situation was fairly correct, at least in his own experience. He agreed with the last two speakers that the case for obtaining land for corporate management had still to be proved, although it was obvious from what other speakers had said that land was being purchased in large blocks by a variety of bodies.

He thought that the whole position of agriculture and land-holding to-day was comparable with that of industry 200 years ago. There was a movement on foot throughout the agricultural world which was going almost by force to drive people along the road the route of which had been outlined by Mr. Weller, and he was not sure whether they would be able to resist that pressure. He was inclined to think that one kind of pressure was going to come from the marketing end. He did not altogether share Professor Clay's fears. It was true that farming was getting a present of something like £33,000,000; partly because it was inefficient in many respects, but partly because the country could not afford to see it crash. It was also being bolstered up for other than farming reasons. In his view markets and the stabilisation of markets were going to have a considerable effect on the land.

Perhaps he might be allowed to give one example. He had met the manager of a co-operative milk business which serviced a big town in the West Riding of Yorkshire. The manager told him that there was not a drop of clean milk coming into his factory from within fifty miles of that town, and that he would do a great deal to get some clean milk and would be prepared to pay extra for it. He was able to put that manager in touch with a land agent. The land agent investigated the possibilities and went round the tenants of some twelve farms for which he was responsible. Admittedly access to a supply of capital was available, but in a period of three years and with a minimum expenditure of capital, that land agent reconditioned some of the old but very solid buildings on those twelve farms for the purpose of enabling a higher grade of milk to be produced. It was not a question of producing Grade "A," T.T. or Certified milk, but simply of getting clean milk. The agents put in new stalls and

ventilation and whitewash, he provided sterilising outfits, and he also supplied each farm with a bath and hot and cold water. The result was that each one of those tenant farmers was getting a bonus both for cleanliness and for quality in regard to the milk supplied, and they were paying their rents regularly and a higher rent than they had ever paid before.

The land agent, seeing what had happened through the bringing of the market to those tenants, turned himself from a land agent into what might almost be called a land manager. That is, he went into a kind of partnership with the tenants. He had helped them to buy their food co-operatively, and he had helped by the purchase of a tractor and the provision of a man to operate it, the tractor and its driver being lent out at a special rate to the tenant farmers. That arrangement was not altogether comparable to a corporation, but it meant that certain facilities which were ordinarily available in large-scale and urban industry only were at last becoming available to twelve formerly entirely isolated tenant farmers.

He would like to give still one more example. With the encouragement of the Forestry Commission a group of landowners in South Devon formed what was really a service agency called the South Devon Woodland Owners' Association. They had just held their first annual general meeting. They were affiliated to the Home-grown Timber Marketing Association. They definitely set out to offer services to the owners, more especially in the marketing of woodland by-products. During the last year, by putting a special man on to research into markets, they had been able to discover and to improve markets in the area of which very few owners knew. Some of the owners might have been aware of them, but for the most part the market was filled by small middlemen who could not offer the kind of service which the Association to which he referred had now been able to offer. The Association was also beginning to offer services to timber buyers which they had never had before. Prices to owners for thinnings were being found which the owners never knew existed in that area. The result of eighteen months' working was that at the annual general meeting one of the big landowners in the area asked the Association whether it would consider actually taking on the general management of one of his biggest woods. Personally he regarded that as a very significant step, and in the paper that evening there were suggestions for a movement in that direction. It did not necessarily imply corporate management, but it did mean that the owner in question, having no forest expert on his own staff, the area not being big enough, and his agent not being a trained forester, was beginning to use, or wanted to use, expert services that had not previously been available to him in that area; and,

because those services showed signs of bringing in a new income which he had not thought of before, he was willing to take the risk of getting the Association in question literally to operate his woods for him as an industrial concern.

He gave those examples merely as ways in which in his own experience the movement which Mr. Weller had foreshadowed seemed to him to be ending. Personally he wished that, instead of having to wait for the kind of corporation which Mr. Weller visualised, it were possible to persuade owners of large enough blocks of land to try some experiment of a similar nature on the land which they already possessed. The only safeguard necessary was that if full commercial use and benefit was to be obtained from the land, some body—perhaps a regional body—would have to decide ultimately the direction which such development should take, and plan whether the town should get certain land or whether the farmers should retain it. That was a social question which would have to be considered in the near future.

The vote of thanks was put to the meeting and carried with acclamation.

Mr. WELLER, in acknowledging the vote of thanks, said he would prefer to make any comments in writing, but he would like to thank the proposer and seconder of the vote of thanks and the other speakers who had referred kindly to his paper for what they had said. If his paper had done nothing else, it had at least provoked an interesting discussion and had given him the opportunity of hearing the views of experts in different branches of the subject who could talk with authority. He would like to thank them for the trouble they had taken to be present and to express their views.

The following written reply has been received from Mr. WELLER:—

Like the warriors who sprang from the dragons' teeth sown by Cadmus of Thebes, the speakers fell upon each other so effectively that there is little left for me to deal with.

Mr. Arnold, who thought it desirable that every inducement should be given for an extension of occupying ownership, accused me of suggesting the substitution of farming companies for the landlord and tenant system, but Mr. Trumper rightly said that I sought a method of preserving the best features of that system, which is in danger of collapse through the withdrawal of landlords' capital ; and Sir William Dampier indicated that various methods

of ownership might flourish side by side so that the improvement in the objects and methods of individual landowners suggested by Mr. Vaughan would not be prevented but might possibly be encouraged by the example set by corporate estates.

Capitalisation on the basis of mortgage debentures and ordinary shares certainly appears to promise an improved rate of return on the ordinary shares, but, of course, they would then represent a much more speculative investment. In Mr. Trumper's example a variation of 25 per cent. in the net rents would make a corresponding difference in the dividend if there were no prior charge, but it would make a difference of 50 per cent. in the dividend on the ordinary shares if they ranked after the mortgage interest which had to be paid in full. This does not necessarily condemn the principle, but it might make the investment less attractive to investors such as those described by Mr. Coutts who want a " real " investment not fixed in term or rate of interest but not too speculative.

I gathered from Professor Clay—and it has also been pointed out by the Macmillan Committee in 1931, and in correspondence in the *Times* newspaper last year—that the unsatisfied demand for capital for industry and commerce comes chiefly from the businesses which are too small to have access to the London capital market. But if the suggested area of 50,000 acres is taken as the optimum size of a corporate estate, the capital required would be about one million pounds, which is well over the minimum which Professor Clay mentioned. Although the present condition of the capital market may be transient, it has led to a substantial volume of investment in land, and the future must depend on the relative movements of rents and other incomes. Mr. Coutts and Mr. Elmhirst spoke optimistically of the effect of Government assistance to agriculture, and in any case, as Mr. Coutts mentioned, it is not the only industry which is affected by State policies. Professor Clay remarked that in buying estates, investment companies would be finding capital for people who were trying to get out of the business of land-holding, but he also said that the London capital market is engaged in finding capital for people who wished to sell established concerns to the public, and Mr. Coutts suggested that a landed estate might fairly be regarded as a going concern. Accounts and records would be required, of course, and they are available on most estates, but usually they would not show the results of large-scale business organisation and management on the lines indicated in my paper.

That it is possible to improve equipment and organisation, and to make the improvements pay, was shown by Mr. Trumper and Mr. Elmhirst. There are also the less obvious kinds of improvements which may yield substantial returns by economising

labour and increasing output. I can hardly think that Mr. Pym intended the case he quoted to be taken seriously, for I am sure that he himself rarely spends money on improvements which do not promise an adequate return. To spend £120,000 upon a derelict estate without increasing its profit-earning capacity must require a high degree of misplaced ingenuity. I see nothing surprising in Mr. Pym's suggestion that the whole capital value of the land is put back into it in about three generations ; I suspect that in most industries the cycle is considerably shorter.

Mr. Pym said that he could see no difference in principle between joint-stock ownership and individual ownership. I should say that for the present purpose the advantages of the joint-stock basis are that capital may be drawn from a wider field, liability is limited, an investor is free from personal responsibility and technical problems, and his security is more easily marketable and may be dealt with in small units and at a quoted price. I think that these factors are not negligible and would not be without effect upon the supply of capital for landholding.

Evidently opinions differ on the subject of price and returns, but if it is true that the present price of land is above the level justified by its monetary yield, what kind of demand is going to keep it there and for how long?

The discussion produced much valuable criticism and indication of difficulties and some useful suggestions. Perhaps the proposal which received the greatest measure of approval was that a start might be made by a group of landowners or by co-operation between landowners and an investment corporation such as an insurance company. If the management were efficient and were given full scope to develop on business lines, such a scheme would test some of the possibilities and would produce the evidence which, as Professor Clay said, the City would require before launching a public company.

There are many points on which definite information could be obtained—rents, outgoings, cost and methods of management, policy, price, improvements, availability of land ; and I hope means will be found of collecting such evidence and of exploring more fully the points which have been raised. Whether we like it or not, land-holding is changing and many people will agree with Professor Clay that the tendency is likely to be towards joint-stock ownership. Let us see, therefore, that the movement is guided by those whose knowledge and experience fit them for the responsible task.

Paper No. 568.

CONTRASTS AND SIMILARITIES IN THE FARMING OF GREAT BRITAIN AND NEW ZEALAND.

By The Right Hon. Viscount Bledisloe, P.C., G.C.M.G., K.B.E. (Honorary Member).

Paper to be read at the Ordinary General Meeting of the Chartered Surveyors' Institution on Monday, 6th April, 1936.

The distinctions between farming in New Zealand and in Great Britain are governed partly by climate and soil, partly by the human factor, partly by export requirements and partly by political considerations. In this last connection it must be remembered that the link between town and country in New Zealand, especially as regards the professional classes, is more intimate than in the Mother Country. Most professional men, such as doctors, dentists and lawyers, have some stake in the countryside, and many of them are owners of live-stock and otherwise engaged in pastoral pursuits. But climate is the dominant influence in guiding the activities of New Zealand primary producers. The temperature is far more equable than that of Great Britain. Except at high altitudes in the Alpine regions of the South Island, frost is seldom extreme and never prolonged ; there are but few days in the year that the sun does not shine at least during some part of the day, and over the greater part of the North Island and in the extreme north of the South Island plant growth is continuous all the year round.

Sub-tropical conditions prevail in the northern regions of the North Island, and both there and on its eastern coast citrus fruit can be grown, and peaches, nectarines and tobacco thrive out of doors. Speaking generally, the rainfall is more abundant and better distributed than in Great

Britain. Certain areas are subject to occasional droughts, such as Hawke's Bay, Canterbury Province and Central Otago. In the first two of these it is found prudent to grow deep-rooted drought-resisting crops such as lucerne and maize, and in the valleys of Central Otago, where choice fruit is now extensively raised and where the precipitation approximates to a desert datum level, irrigation is universally employed. Climatic conditions for dairy farming are almost ideal on the western side of the North Island, particularly in South Auckland.

Volcanic deposits covering an extensive area in the centre of the North Island—the outpourings of several now extinct volcanoes (Ngauruhoe is the only remaining active volcano in the Dominion)—result in what are known as pumice soils, which vary in constitution, both chemical and physical. This factor materially affects the character of agricultural practice throughout this climatically attractive region. It is in this area that the notorious " soil deficiencies " of New Zealand mainly occur. These vary with the deposits of different volcanoes, and, if the soil is otherwise fertile, they can be made good by appropriate fertiliser dressings or livestock " licks." In some cases they have produced, and still occasionally produce, serious animal disease and consequent mortality, the most notable being bush sickness arising from iron deficiency, Waihi disease from lack of phosphates, and dopiness in sheep from that of lime. The most serious of these is bush sickness, which, at the beginning of this century, rendered desolate and unremunerative much farm land in the Waikato* district, which has since changed hands at from £50 to £80 per acre, having been rendered innocuous in recent years by animal licks made of limonite or brown oxide of iron. Goitrous affections of both man and beast (as well as of fish), due to iodine deficiency, are also prevalent in many parts of the Dominion, but less so than formerly owing to the prudent precautionary use of small quantities of potassium iodide or iodised salt.

* Bush sickness has also been seriously prevalent in the neighbourhood of Lakes Rotoiti and Rotorua and the Bay of Plenty.

New Zealand's population is markedly more British in race and outlook than that of Great Britain or any other part of the Empire, even after making full allowance for some 70,000 Maoris (who are, as a rule, somewhat slovenly farmers), a large sprinkling of Chinese (who are highly efficient market gardeners) and a few Danes and Dalmatians. The last named were formerly engaged in digging kauri gum in the district north of Auckland until this industry waned, and now follow mostly farming pursuits.

New Zealand farmers, however, as a class differ in some respects from the farmers in this country. Thanks to New Zealand's higher average standard of education and to the fact that its producers are not handicapped by the traditions and more static practice of an old country, they are more alert-minded, far more receptive of new ideas and more prepared to put to the test the teachings of modern science than are their kinsfolk in Great Britain. This is particularly noticeable in the case of pasture land, the herbage of which, and its management, are without doubt the best in the world. The same cannot be said with equal truth of arable crops, the area of which, however, even in the South Island, is small compared with that of the Motherland. Many of the dairy farmers of the North Island are recent recruits to the industry and yet fairly efficient after a short apprenticeship, owing to the relative simplicity of grass farming, the almost universal use of milking machines and other labour-saving devices, which are generally operated by electricity, and the ease of marketing their produce, thanks to Co-operative Dairy Factories. On the other hand, many of these men fail badly when they attempt to grow arable crops. Far less labour is employed than in England. There is no sharp distinction, as there is here, between farmers and farm workers, except perhaps on the large sheep stations of the South Island. In many cases they live on a footing of social equality and accost each other by their Christian names. The large sheep farmers are, as a rule, very capable men, and compare favourably with the larger sheep farmers of England. Owing to the

small amount of labour required for flock management and the excellent shearing organisation, wool can be produced far more cheaply in New Zealand than in Great Britain.

Specialised farm labour is in New Zealand common and very efficient. The musterer, the bushfeller, the contract shearer and the machine milker are characteristic. The musterer, especially the mountaineer, whose dogs and whose boots (hand-made and cheap to him at any price) are his prime consideration, is the most picturesque farm worker in New Zealand, and no machinery has been evolved to take his place. On the big sheep station he corresponds to the cowboy in North America and the gaucho in South America. The bushfeller is fast disappearing, but when 400,000 acres of forest were being felled each year, for conversion into pasture, with the axe and the fire stick, followed by the surface sowing of 20 to 35 lbs. per acre of grass seed on the not yet fully cooled ashes, the bushfeller, felling the forest for 25 shillings an acre, was an important unit of rural labour. The contract shearer, shearing over 200 grown sheep per day, and the machine milker, milking 30 cows or more, both formerly aided by the internal-combustion engine (now largely replaced by the electric motor actuated by water power), represent mass production by specialised labour—a process easy enough to develop in the youthful agriculture of a new country. The making of 170,000 tons of butter by the 400 managers of the butter factories of New Zealand is another example of the same process.

The large majority of New Zealand farmers are the owners of their holdings, although often subject to a mortgage held by the Government (which is generous in making advances to efficient farmers), by a bank, or by stock-and-station agents, many of whom are wealthy firms of great experience, whose help in marketing wool and other land products is of great service to the farming community. The fact that most of these products are intended for export involves careful packing and grading and bottle-neck concentration at the ports. This is an immense fillip to the

adoption of co-operative methods and to uniformity in the quality and description of farm output. Apart from the small requirements of New Zealand's exiguous population nearly the whole of her farm output, with the exception of wool, is consumed by the people of Great Britain.

In the matter of farm husbandry, the greatest similarities to normal British practice are to be found in the Canterbury Plain of the South Island, and in parts of Otago and Southland which lie to the south of it. Here is to be found the bulk of the arable land of the Dominion, and rotation crops follow each other in similar fashion to that obtaining in the Eastern Counties of England or the Lothians of Scotland. The Norfolk four-course rotation, however, is seldom, if ever, rigidly followed, as it does not suit local conditions. Where cereals are grown, the temporary pasture is kept down for from three to five years. In the Canterbury Province about 80 per cent. of the total Dominion output of wheat and potatoes are raised, and a large proportion of the lambs for which New Zealand is so famous. So-called "Canterbury lamb" is nowadays by no means confined to the Canterbury Province, some of the best of it emanating from Hawke's Bay and other pastoral areas of the North Island. This lamb is largely the product of crossing the Romney Marsh sheep (which constitute 80 per cent. of the ovine population of the Dominion) with carefully selected Southdown rams, the carcase weight aimed at not exceeding 36 lbs. On the uplands of the Southern Alps, and particularly in North Canterbury, the bulk of the sheep are Merinos or Corriedales, the latter being in origin a cross between Merinos and either Lincolns or Leicesters. From these two breeds are obtained the finest and most profitable wools and their flocks roam over mountainous sheep stations, several of which exceed 50,000 acres in extent. This is a form of husbandry with which Great Britain can show no exact parallel.

As regards cattle, no local breed has been produced, as, for instance, in the case of the Illawara breed of Australia. Up to three years ago (when the first cargo of chilled beef

preserved in an atmosphere of carbon-dioxide was shipped to England) grazing cattle have been relatively unimportant. With few exceptions they have been rough, large-limbed, elderly, slow-maturing animals whose main economic function has been (not the production of beef but) the removal of the roughage on the hill pastures in order to improve their herbage for the sheep. There are but few Shorthorns in the Dominion, and their quality is poor. Of the dairy cattle, 80 per cent. are Jerseys or Jersey Cross, the explanation being in the main—apart from the suitability of the climate of the North Island—the fact that milk is purchased on the basis only of its butter fat content, without regard either to its liquid volume or its other solids. This is unfortunate for many reasons, the chief of them being the difficulty of securing full value for New Zealand cheese exports (except those from Otago and Southland where more Friesians and Ayrshires are kept), owing to the relative unsuitability of Jersey milk for cheese-making.* There is now great scope for a good type of dual purpose Shorthorn and, perhaps even more, of good quality Redpolls, as hornless cattle are strongly favoured and the cruel practice of dehorning mature cattle is somewhat extensively followed. Most unfortunately, owing to an unreasoning dread of the admission of foot-and-mouth disease into the Dominion through live animals coming from the Mother Country (although all experts know that, even apart from our strict export quarantine regulations, this is impossible owing to the long voyage and the short incubation period of the disease) a continuous embargo is placed on the direct shipment of pedigree stock from England, with a consequent steady deterioration of most kinds of farm animals. The embargo operates a special hardship in the case of the ordinary small commercial farmer, who often realises the need for fresh

* As in the case of other primary products of the Dominion which vary in their standard of excellence, the best New Zealand cheese (which is of exceptionally high quality and flavour) does not command the price in the British market that it merits owing to the *average* standard of the Dominion's cheese exports being appreciably lower.

blood from abroad but cannot afford the expensive process, apart from quarantine and transhipment, of maintaining an imported animal for six months in Canada or Australia before final shipment to New Zealand.

The pig industry—so vital to the economic welfare of the small dairy farmer—has been much neglected during the last half-century, but is now steadily developing under enlightened direction. In swine husbandry grazing will play a bigger part than in England, supplemented by meat meal which largely takes the place of barley and other cereal foods.

Except for feeding calves and pigs, practically no concentrates are used in the Dominion, and there is no stall-feeding or farm-stedding in the British sense.

Nearly all New Zealand's farm crops are English in origin, and every crop grown in England can be grown equally well in the Dominion. Two years ago the New Zealand wheat crop averaged 36 bushels per acre, and 60 to 70 bushel crops are not infrequent. Most of these are, like ours, soft wheats and need for bread requirements to be supplemented by harder wheats imported from Canada or Australia, but, as the result of valuable research work conducted by Dr. Hilgendorf, of Lincoln Agricultural College, more glutinous, thin-skinned wheats, suited to the climate, are being evolved and seem likely to make the Dominion more self-contained in this respect in the future. Root crops, although often none too clean, have on the average bigger yields than in Great Britain. A yield of 150 tons of mangels per acre has been recorded on a Taranaki farm. Crops of over 100 tons of mangels and of over 70 tons of swedes are not infrequent on the more fertile soils. Particularly heavy crops of maize are grown in New Zealand, 100 bushels to the acre being recorded in the (unappropriately named) Poverty Bay district. All the Dominion's arable crops would be familiar to a British farmer, except tobacco (raised chiefly in the districts of Nelson, in the South Island, and Hawke's Bay in the North) and " Kumara," or sweet potato, grown by the Maoris for

their own sustenance in the northern half of the North Island.

All English varieties of fruit thrive in New Zealand, as also do passion fruit, grapes, and citrus fruits of all descriptions in the warmer parts of the North Island.

New Zealand is, however, pre-eminently a great pastoral country and all its other economic plants sink into insignificance by comparison with those of its pastures. There are numerous grasses native to New Zealand, but very few are of any commercial value. English grasses and clovers thrive almost everywhere throughout the Dominion. The dairy pastures are almost entirely composed of English grasses and clovers, which, with good management and heavy stocking, completely smother the native plants. The best rye-grass *cum* white-clover pastures compare more than favourably with the best English pastures, and the average in New Zealand would put the average English pastures—seriously adulterated as they are with worthless weeds—very much to shame. In the North Island the herbage yield from any good pasture greatly exceeds that from a similar English pasture, thanks to the favourable climate which admits of continuous growth throughout the year. In the northern parts of the North Island rye-grass gives a somewhat lower production in the summer, but, in these areas, paspalum* provides, as an alternative, immense crops of high nutritive value. The longer growing period in New Zealand seems likely to make the new system of grass-drying more successful there than in England.

The land area of New Zealand is 103,288 square miles, as compared with 89,643 square miles in the case of Great Britain. Of the occupied area in the Dominion totalling 43,587,698 acres, 16,280,348 acres are under permanent English herbage and 14,197,853 under native grasses, 1,769,862 are under arable crops and 69,420 under *phormium tenax* (New Zealand "flax"), 32,252 are devoted to orchards and market gardens and 160,188 to

* *Paspalum dilatatum*—a native grass of South America imported into New Zealand from New South Wales.

plantations, while 4,123,743 are still under scrub and timber bracken. On 4,099,032 acres still stand residual native bush (much of it of great beauty and botanical interest) and 2,267,214 are barren and unreproductive. The areas of grassland in Great Britain and New Zealand are almost identical, that ranked as "grassland good" (perhaps undeservedly in the former case) being 16,700,000 acres for each country. The numbers of live-stock to-day in each country are:—

	Great Britain.	New Zealand (In round figures).
Cattle ...	7,859,638 ...	3,500,000
(including 3,548,396 Dairy Cattle)		
Sheep ...	24,243,415 ...	27,000,000
Pigs	4,073,586 ...	500,000
Horses ...	1,020,846 ...	300,000

There are roughly 45,000,000 "live-stock units" (reckoning sheep as one, and cattle as five) in New Zealand, and, for these, approximately 700,000 acres of arable crops and 400,000 acres of silage or hay are grown as supplemental to their grazing.

As regards the size of farms, 48 per cent. of the total holdings in New Zealand are under 100 acres, as compared with 79 per cent. in Great Britain. On the other hand no less than 68 per cent. of the occupied land of the Dominion is held in areas of over 1,000 acres and 41 per cent. in areas of over 5,000 acres—a far larger percentage than that obtaining in this country. Husbandry, especially in the North Island, is steadily becoming more intensive.

As I have indicated above, over the greater part of New Zealand pasture is the farmer's main consideration, and fodder crops are mainly grown to provide supplementary feed for the periods of the year when herbage growth is small. In New Zealand fresh land is continuously being brought into cultivation from fern or other natural scrub. There are signs that sheep farming in the Dominion will develop on much more intensive lines. Already there are farms which carry four to five breeding ewes to the acre together with their lambs all the year round, the sheep being

almost entirely dependent upon grazing. On some farms silage is fed to sheep with quite successful results. On a farm of 150 acres, near Hamilton in the Waikato, over 1,000 ewes have been carried for many years past and have produced more than 100 per cent. lambs, the whole of which go fat off their mothers to the freezing works, while, in addition, the farm has carried 40 to 50 cattle. No arable crops are grown, but wise all-round manurial treatment is practised. This intensive grazing is capable of great extension in New Zealand.

The history of New Zealand dairying reads like a fairy tale. It is a very young industry which only commenced in the present century and has expanded with amazing rapidity during the last twenty years. In this branch of agriculture Great Britain compares very unfavourably with New Zealand. Although the price of good dairying land in the Dominion is relatively high—even to-day much of it is selling at from £50 to £60 per acre in the most favoured districts—its carrying capacity, coupled in many cases with excellent management, makes it possible for the New Zealand dairy farmer to produce butter, cheese and pig meat at a price with which no other country in the world can compete. Climatic conditions, while reducing to a minimum the necessity of affording shelter for live-stock, are so favourable to the healthy growth of nutritious herbage that on numerous farms the equivalent of one cow to the acre can be carried the whole year round.

The herd testing movement, which was initiated about six years ago, is strong and is growing in popularity every year, and the standard of milk yield, stimulated by keenness for its improvement, will bear favourable comparison with that in Great Britain. Pasture management on the best of New Zealand farms is, as I have already indicated, considerably superior to that in the Homeland. Great attention is paid to efficient watering, sub-division, manuring, and harrowing with sharp-tined harrows. Moreover, large quantities of silage, as well as hay, are made. While the average output of butter-fat per acre in the Dominion is only 80 lbs., an average of from

200 to 250 lbs. is obtained in the best dairying districts, and this should leave some margin of profit, even when butterfat values fall below 9*d*. per lb. There are some few farms where butterfat at 7*d*. per lb. would still yield a profit, after allowing for all interest and labour charges. This corresponds to little more than 3*d*. per gallon for milk. Milking machines are employed on almost every farm, thus greatly reducing the labour bill. Three men commonly milk from 80 to 110 cows. The herd with the highest record in the Bay of Plenty employs only four milkers for 150 cows. The making of silage and hay is carried on at high pressure in the summer, and costs are materially reduced by the custom of neighbours helping each other in harvest time with implements and labour. Up-to-date implements and machinery are used on all the best grassland farms in the Dominion. In the matter of manuring grassland New Zealand is far ahead of Great Britain. New Zealand soils being notoriously deficient in phosphates, a dressing of at least 3 cwt. per acre of superphosphate is almost universal on the Waikato and Taranaki dairy farms. Increasing quantities of lime and (on the lighter soils) potash are being used, and the more progressive farmers are employing nitrogenous fertilisers for the production of out-of-season grass.

In the sphere of marketing, the dairy industry is well organised by comparison with that in England. There are over 500 dairy factories, most of which are co-operative. The factories help the farmers considerably with finance and in the purchase of fertilisers and dairy appliances, as well as by marketing all their produce. Whereas the British farmer's success has depended very largely on his ability to sell his produce, the New Zealand farmer has nothing whatever to do with this side of the business. It is done for him. There are no Government regulations affecting the wages of agricultural workers in New Zealand. Agricultural wages are specifically exempted from the control of the Wage Arbitration Court. General farm hands on dairy farms receive about 30*s*. per week in addition to their board and accommodation.

On almost all New Zealand farms (unless they are well off the beaten track) electric current for lighting and power, as well as the telephone, are to be found. Electricity is very cheap and is tending to become cheaper. It is rare to find even a small farmer without a motor-car.

Summarising briefly the comparative picture that I have attempted to draw between the agriculture of Britain and her most distant Dominion, it may perhaps be said that the most striking similarities are to be found in the character and outlook of the farmers themselves and in the fact that the climate, at least in the South Island, is very similar and is conducive to similarity of crops and land management. The most salient differences that New Zealand presents are in the preponderance (although now slight) of the rural population over that of the towns, the exceptionally sunny and equable climate of the Dominion, with consequent plant growth and the limited necessity of shelter for live-stock, luxuriant herbage of exceptionally high quality and purity, occupying ownership, co-operation, factory treatment of meat animals and of milk, "bottle-neck" organisation for export, and (in the northerly regions) the raising of lemons and other citrus fruits. There is probably no country in the world that can be so truly described as a farmer's paradise.

What I have said in this address cannot fail to evoke the enquiry why, in a country larger than Great Britain and so exceptionally favoured by Nature, there should be a meagre population of no more than one and a half million, which is not being materially increased by immigration. Great Britain, after short-sightedly starving her agriculture for three-quarters of a century, is inclined to-day, partly for greater security in time of war and partly in order to provide a larger home consumption of factory products and thus reduce unemployment, to subsidise generously her own agricultural production. Care will have to be taken lest such a policy, unless most carefully planned and its possible repercussions fully weighed, defeat its own ends and incidentally depress the average standard of farming, and thus enable many inefficient men to stay on the land who in

the interests of the country would be better off it. Certain nations of the world, owing to ever-increasing pressure of over-population, are looking enviously to parts of our under-populated Empire to which they can send their human surplusage. New Zealand could well support fifteen million inhabitants, and it would seem to be a problem of first-rate Imperial importance that she should welcome increasing numbers of British settlers. The Dominion should certainly encourage those with capital or pensions (not to mention others of reputable character, energy and resourcefulness) to settle within her borders, as, unless this is done, it will be difficult for her in years to come to confine within reasonable limits the admission of immigrants from other countries. The need for an increased population is considered by many thoughtful students of the problem throughout New Zealand to be urgent. It would reduce the very heavy *per capita* debt and chargeability for national services, it would mean greater security in time of war, and it would justify an increase in industrial activity. Moreover, New Zealand would then consume a larger proportion of her total products and so relieve the anxiety which exists that she may find herself unable to secure a market for her annually increasing land output. In this respect there is a great difference between New Zealand and Great Britain, for whereas the latter's powers of increasing agricultural production are within measurable limits, those of New Zealand are immeasurable and for climatic reasons her products are of high quality and nutritive value.

I have spoken of a few similarities and of many differences, but I am confident that in agricultural policy, as in sentiment, we must, with a view to rural well-being, ever seek within our far-flung Empire points of contact rather than points of difference, gradually evolving a plan whereby each unit of the British Commonwealth may supplement, out of its special resources, rather than supplant, the others' supplies, continually watchful that we do not, by artificially depressing the high standard of our nation's food, antagonise those millions of urban consumers upon whose confidence and goodwill our prosperity, as farmers, depends.